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BOOK REVIEWS AND NOTICES

Some Aspects of the Tariff Question. By FRANK WILLIAM TAUSSIG.
(Harvard Economic Studies, XII.) Cambridge: Harvard
University Press, 1915. 8vo, pp. x+374. \$2.00.

This volume, written by the best-known and most authoritative American student of the tariff, furnishes the result of inquiries which have extended over more than a quarter of a century, and practically sums up and condenses into one volume of moderate size the conclusions of a life of thoughtful study of a great problem.

Technically speaking, the book is divided into four parts, the first dealing with economic theory as applied to the question of import duties, while the others are respectively devoted to sugar, iron and steel, and textiles; but logically there are two parts only, the first dealing with theory, the second, with the application of the principles thus laid down to different industries. Each of the sections or divisions of the book devoted to a particular commodity follows a general outline or plan of somewhat standard type. Beginning with the history of the given industry and of the duties on the product in its various stages, the discussion then proceeds to a treatment of the effect of protection upon manufacture, the distribution of profits among the different parties to the business, and the general conclusions to be drawn with reference to the relation between protection and advancement in the particular line in question.

There is a great deal of clear-cut restatement of fundamental tariff principles in Professor Taussig's theoretical introduction. In general, he reaches the conclusion that for an indefinite time differences of industrial effectiveness will remain, while industries will develop at differing rates under the influence of differing factors of growth. The principle of comparative advantage is semi-permanent. The tariff has its larger social and economic significance in the extent to which it can fairly be said to have exerted a distinct and traceable effect upon the relative rapidity and degree of advancement in the several industries affected by it. Conclusions as to the desirability of protection must, therefore, be based, Professor Taussig thinks, primarily upon the actual effect of the tariff as empirically exhibited.

Perhaps the most compact statement of Professor Taussig's position is, however, found, not in his theoretical chapters, but in some of the *obiter dicta* which occur from time to time in connection with particular industries. In one such case (that of cotton goods) he says:

. . . on the whole the evidence is that, in the United States at least, high protection has not been inconsistent with enterprise, invention, forging ahead. There is ground, on the contrary, for saying that it has in some degree contributed to such progress. What has been set forth in the preceding pages of the development of the iron and silk industries points that way. It would be going quite too far to say that the protective system has been the main cause of the advance in organization and in technical equipment which has appeared in so many American industries and in the cotton manufacture among them. The general sweep of the country's industrial movement—the vast resources waiting to be exploited by an enterprising people, the keen atmosphere of democracy, the free scope for every talent, the concentration on money making and wealth producing of the enormous influence of social emulation—here are underlying forces much more powerful. But it is not to be denied that these forces have been directed by protection into some fields which they might not otherwise have touched, and in which they have operated with effects similar to those wrought in American industry at large.

Perhaps this statement produces upon the reader's mind a rather more optimistic impression with respect to the effect of protection than does the book when read as a whole; yet it may probably be taken as a fair restatement of the general attitude of the writer, notwithstanding the fact that he warns against generalizations based upon any single instance, or perhaps even upon any group of instances.

Some of Professor Taussig's most valuable work is found in his careful analyses of the influence of given duties, yet it is precisely here that the work must be examined as a whole, and that the reviewer's efforts to sketch or reproduce accurately the conclusions reached by the investigator are likely to be unsuccessful. The difficulty of conveying Professor Taussig's precise opinion in each case is enhanced by the empirical character of his methods and the effort to weigh countervailing conditions very carefully. It requires a thoughtful reading of the chapters dealing with the different industries and some thinking on the part of the reader himself in order to be sure of the author's precise conclusions. This is not due to any lack of clearness in exposition, but to the desirable quality of the book in stimulating thought on the part of the reader, instead of providing him with ready-made and dogmatic opinions.

In the review of the history of sugar the conclusion arrived at as to the effects of the duties is largely negative. Tariff taxes have enhanced

the prices of sugar, and it is doubtful whether there has been any natural disadvantage to the industry in the United States which would have warranted the retention of high rates. During the early years of the high-tariff period the sugar duty was mainly a revenue tax, but before its close the characteristic features of a protective duty had become dominant, the Treasury receiving less in revenue than favored producers secured as largess or bounty. The iron industry affords some basis for the argument that during the past forty years advancement would have been much the same as at present without regard to protection. Nevertheless Professor Taussig's study leads to the belief that the protective system caused high profits in the Pittsburgh district, and that these profits led to the unhesitating investment of more capital. Ultimately there would have been the same sort of growth without regard to tariff rates, but not so soon or on so great a scale. Hence, perhaps, there is basis for belief that tariff duties have attained their object in connection with iron and steel by providing promptly a varied and highly organized industry. Later history of the iron and steel business shows that the tariff question, as such, was gradually merged in the trust problem, the industrial influence of the protective tariff continuing to become less and less, while the march of great-scale production proceeded practically unaltered. The investigation of the iron and steel business leads to the conclusion that "whether or not the tariff system is radically altered, the economic and political problems of the future will be much the same."

A different type of experience has been afforded by the silk industry, which has developed largely under the influence of protection, and which affords some ground for contending that growth is to be observed, not merely in quantity, but also in quality of the output. Nevertheless protection there has been so high and so long continued as to conceal many facts of an essential character. We cannot be sure how great a progress has actually been made without an excessive reduction in duties, in order to put the business to the test and determine whether it has actually profited from a long period of protection. Cotton textiles afford a much clearer example of industrial development. The business has reached the point where it can pay higher wages than its foreign competitors and yet sell its coarser grades of goods as cheaply. The finer grades of goods are in a different situation, yet it would appear that whatever may have been the influence of protection, it has not tended to enfeeble the industry. Labor-saving machinery and the patent system have probably furthered the development of the business more than duties, but the latter, our author thinks, have at least done no serious harm.

In the case of woollens, progress has been unsatisfactory, partly owing to physical characteristics of the material and partly to difficulty in standardizing the fabric. Protection has not been very successful, and the conclusion arrived at is that the woollen tariff has not accomplished its intended objects. There were "signs of improvement" during the last decade of the extreme protective policy, and this may have been due to prohibitive duties, though it was possibly to be ascribed to "improved processes, better organization, greater effectiveness." In support of this view is the larger success attained by the worsted branch of the industry, which indicates that, even though this branch was stimulated by the tariff and perhaps was steadily dependent on the duties for existence, the protective system alone could not account for its position relative to woollens. In raw wool the case is clearer, and a review of the history of the industry affords no ground for a maintenance of the duties except that of extreme and even fanatical protectionism. None of the customary protective arguments apply to it, and Professor Taussig decides that if foreign supply is ever to be held advantageous, it must be so in the case of wool.

Now as always, Professor Taussig writes of the tariff without bias or much evidence even of prepossession on one side or the other. He admits, as in former writings, the "young industries' argument"—that there is scope for protection to young industries, even in certain later stages of their development. "Any period of transition and of great industrial change may present the opportunity." There is a possibility of acquiring a self-sustaining industry by aid during these early stages. Twenty to thirty years are needed for the making of such an experiment in industrial transplantation. By way of counterpoise he shows that mere protection will not bring about the result desired, but that protection must be accompanied by some basis of *comparative advantage*. The real question then is whether an industrial nation can acquire, retain, and enlarge such an advantage; and the chief interest in the tariff problem is seen in its bearing upon the development of such an advantage. This theoretical position is best tested and applied, naturally, in connection with the question of export business, and that topic is dealt with in a chapter of large interest dealing with imports and exports. There it is found that, as applied to iron and steel particularly, success in foreign trade depends on effectiveness of labor, natural resources of raw material, and above all ability and resource among organizers and workmen. It is through such lines of reasoning that the impression is left upon the reader that the tariff cannot be regarded as more than an inci-

dent in industrial history, perhaps a device of some service at times, but never to be regarded as the basic factor in the upbuilding of a trade. These, however, as well as many other conclusions, must be drawn by the reader, for they are seldom or never expressed by the author. He regards the tariff as a fact—probably a continuing condition in American industry—and, as such, to be reckoned with, adjusted as fairly as experience will permit, and above all to be studied without prejudice pro or con.

If there be any serious criticism of Professor Taussig's instructive work, it will be based upon the apparent acceptance of certain data supplied in recent partisan documents and reports relating to the tariff question. These, so far as used, are accepted for the most part at face value. Discriminating use is indeed made of them; the grosser assertions and obvious misinterpretations appearing here and there in such reports are ignored, and the underlying basic material is taken as the foundation for sundry of the author's conclusions. Nevertheless there is too little disposition to analyze such data, or to check against one another the inconsistent and conflicting figures and assertions found in some of the recent reports. It does not seem that the present work has materially suffered from this occasional reliance upon data whose sources are open to some question—the basis of it is too broadly laid and the material drawn from too wide a range of sources to permit such injury to be serious. Yet the reader wonders whether so widely informed and able a student as the author of the book under consideration had subjected the documents and data produced by the recent tariff controversy to the same severe analysis he would have used had they been an essential element in the forming of his conclusions.

Taken as a whole, *Some Aspects of the Tariff Question* is the most readable and satisfactory of recent contributions to tariff literature. It will furnish few or no texts to protectionists or freetraders, though either may find some comfort here and there if they choose to tear the passages that please them from their setting. A large body of material regarding certain of the chief industries affected by the tariff has been collected, digested, and presented, not only in reliable and broadly trustworthy, but also in attractive and readable, form. It has been said that the rank and file of Americans no longer read serious books on public questions. If that be true, Professor Taussig's volume should prove an exception and should establish a new precedent. It can and should be read with understanding and pleasure by everyone who feels the responsibility of a correct individual decision on a fundamental national issue.

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